



# PSG Konsult Limited

## Annual General Meeting

22 June 2018



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2. Considering of resolutions
3. Overview
4. Divisions
5. PSG advisers using technology
6. Conclusion
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# 01 | Constitution of meeting

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## 02 | Considering of resolutions

# Ordinary Resolutions

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1. To note the audited annual financial statements for the year ended 28 February 2018
2. Ordinary resolution number 1: To appoint ZRP Matsau as a director
3. Ordinary resolution number 2: To re-elect W Theron as a director
4. Ordinary resolution number 3: To re-elect J de V du Toit as a director
5. Ordinary resolution number 4: To re-elect PE Burton as a director
6. Ordinary resolution number 5: To re-elect J de V du Toit as a member of the audit committee
7. Ordinary resolution number 6: To re-elect PE Burton as a member of the audit committee
8. Ordinary resolution number 7: To re-elect ZL Combi as a member of the audit committee
9. Ordinary resolution number 8: To appoint ZRP Matsau as a member of the audit committee
10. Ordinary resolution number 9: To re-appoint the auditor, PricewaterhouseCoopers Inc.



# Ordinary & Special Resolutions

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- |     |                                |  |
|-----|--------------------------------|--|
| 11. | Ordinary resolution number 10: | General authority to issue ordinary shares for cash  |
| 12. | Ordinary resolution number 11: | Non-binding advisory vote on PSG Konsult remuneration policy   |
| 13. | Ordinary resolution number 12: | Non-binding advisory vote on PSG Konsult implementation report on the remuneration policy  |
| 14. | Special resolution number 1:   | Remuneration of non-executive directors  |
| 15. | Special resolution number 2:   | Inter-company financial assistance in terms of section 45 of the Companies Act   |
| 16. | Special resolution number 3:   | Financial assistance for the acquisition of shares in the Company or in a related or inter-related company in terms of section 44 of the Companies Act |
| 17. | Special resolution number 4:   | Share repurchases by PSG Konsult and its subsidiaries  |

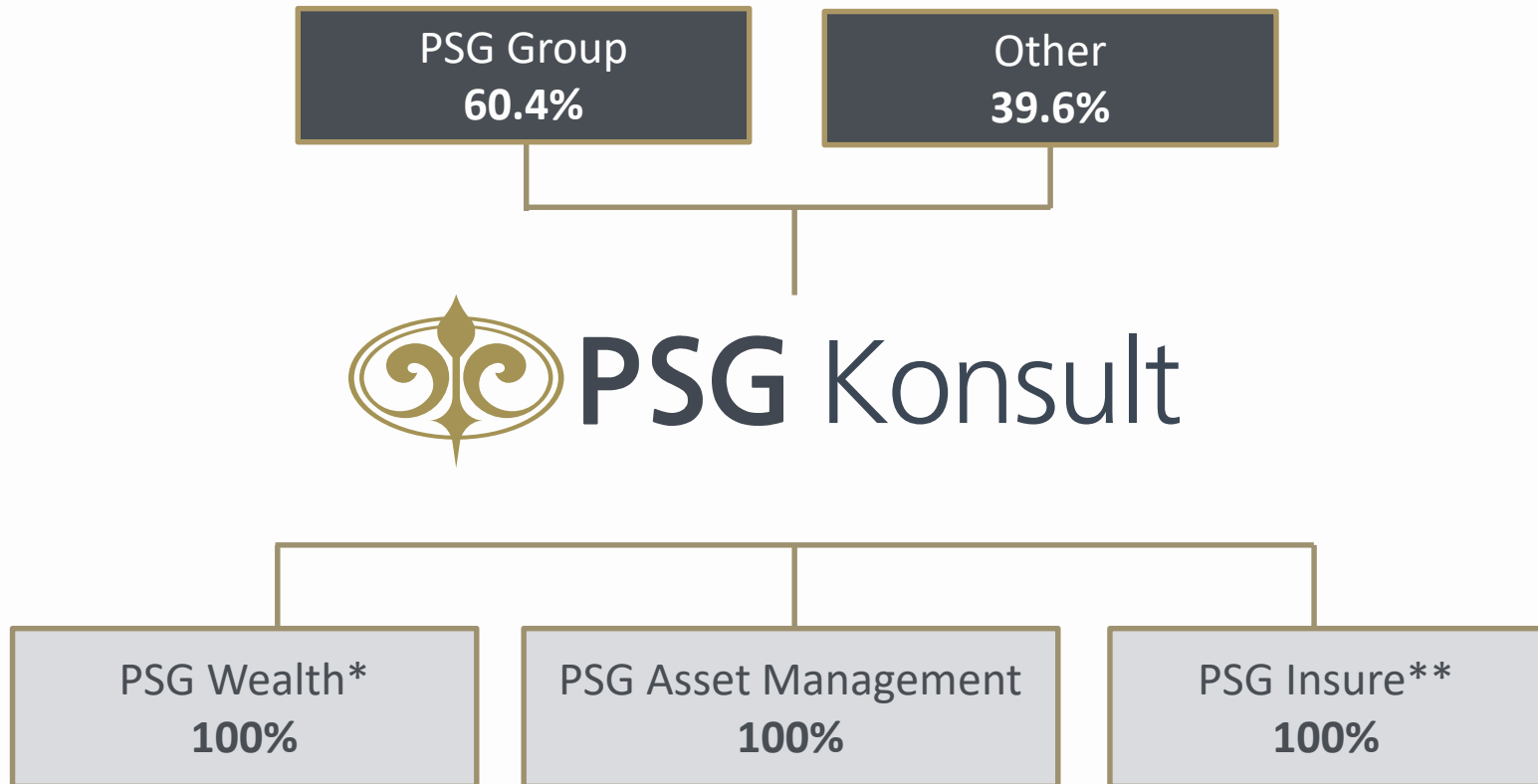


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## 03 | Overview

# PSG Structure

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\* Includes PSG Employee Benefits

\*\* Includes Western National Insurance

PSG Group's holding net of treasury shares = 61.4%

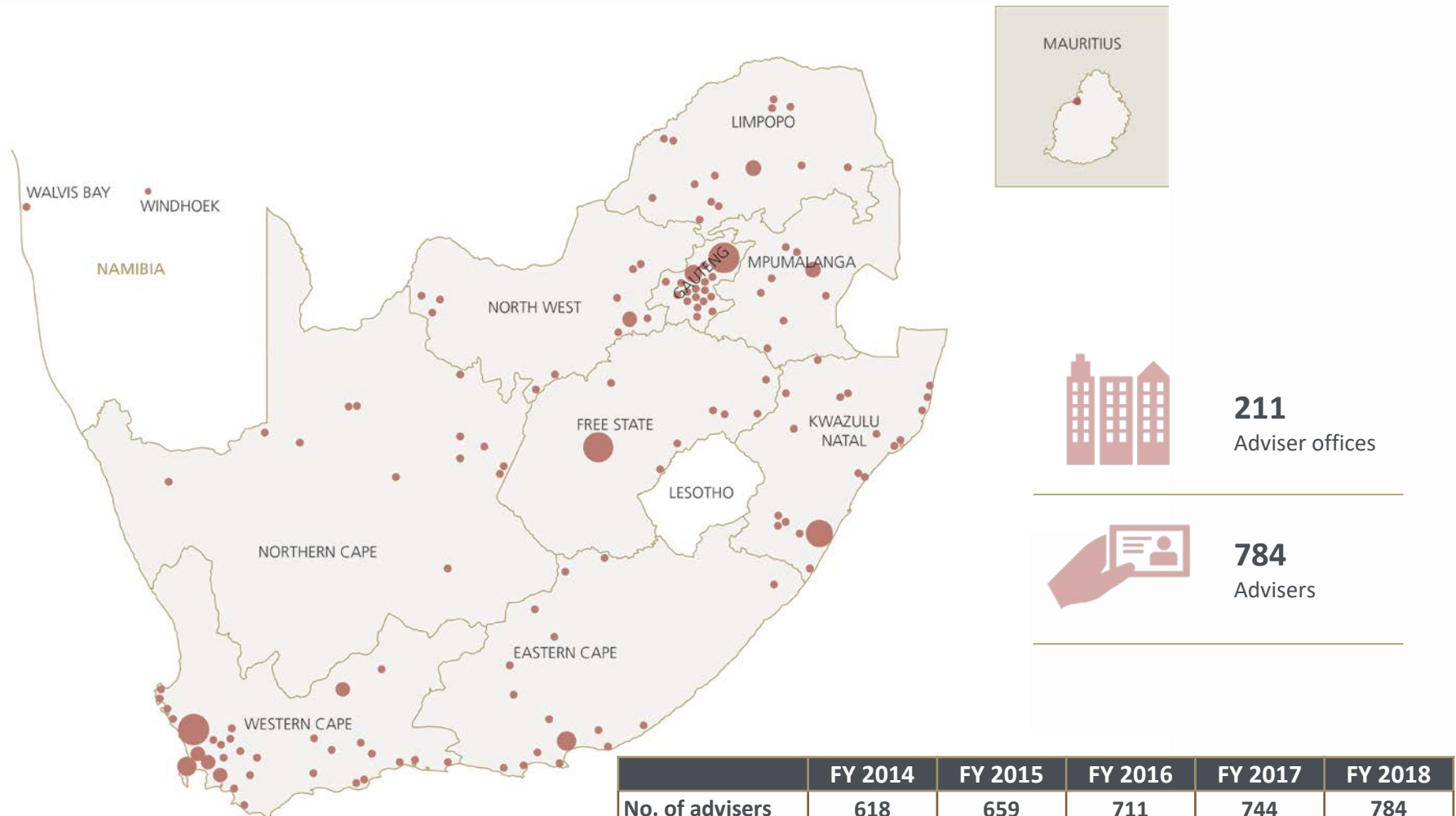
As at 28 February 2018





# A great company

Wealthy clients serviced where they reside



Source: PSG Distribution

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>No. of advisers</b>	<b>618</b>	<b>659</b>	<b>711</b>	<b>744</b>	<b>784</b>
<i>PSG Wealth</i>	406	434	480	515	539
<i>PSG Insure</i>	212	225	231	229	245
<b>No. of offices</b>	<b>193</b>	<b>193</b>	<b>206</b>	<b>208</b>	<b>211</b>

# Business characteristics

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- Equity market dependent
- Administration businesses - people / systems dependent
- Not very balance sheet intensive
- Free cash flow generative
- Vulnerable to regulatory change



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## 04 | Divisions

# Key macro indicators

Weakening economic environment

Key indicators	FY14	%Δ	FY15	%Δ	FY16	%Δ	FY17	%Δ	FY18	CAGR
Rand / US\$	10.8	8%	11.7	36%	15.8	-17%	13.1	-10%	11.8	2%
FTSE/JSE Index	47 329	13%	53 344	-7%	49 415	4%	51 146	14%	58 325	5%
All Bond Index	433	15%	498	-4%	480	13%	544	14%	622	10%
Cash Index - STeFI Call	281	6%	296	6%	314	7%	335	7%	358	6%
S&P 500 (Rand)	19 998	23%	24 529	25%	30 602	1%	31 033	3%	32 007	12%
SA Property Index	485	35%	656	-7%	610	5%	640	-12%	562	4%



# FY 2018 financial results overview

Recurring HEPS grew by 16% for FY 18

Consolidated results	FY 2014	%Δ	FY 2015	%Δ	FY 2016	%Δ	FY 2017	%Δ	FY 2018	%CAGR
Headline earnings	244	39%	339	-14%	292	66%	486	16%	566	23%
Recurring headline earnings	251	36%	341	20%	409	19%	486	16%	566	23%
Recurring headline earnings (excluding amortisation)	272	36%	371	19%	441	20%	528	16%	610	23%
Weighted ave. no. of shares (millions)	1 221	3%	1 261	1%	1 274	3%	1 307	1%	1 318	2%
HEPS (cents)	20.0	35%	26.9	-15%	22.9	62%	37.2	16%	43.0	21%
Recurring HEPS (cents)	20.6	31%	27.0	19%	32.1	16%	37.2	16%	43.0	20%
Recurring HEPS (excluding amortisation) (cents)	22.3	32%	29.4	18%	34.6	17%	40.4	15%	46.3	20%

Assets under management (Rbn)	99	34%	133	16%	154	14%	175	17%	205	20%
Assets under administration (Rbn)	233	33%	309	6%	327	13%	371	8%	402	15%
Premiums* (Rbn)	1.8	17%	2.1	17%	2.5	15%	2.9	15%	3.3	16%

Source: PSG Finance

\* Excludes ST admin gross written premium to avoid duplication.

Note: figures rounded to nearest R'million



# Headline earnings by division

Total recurring headline earnings growth of 16% year on year

Headline earnings*	FY 2014	%Δ	FY 2015	%Δ	FY 2016	%Δ	FY 2017	%Δ	FY 2018	%CAGR
Wealth	162	40%	227	-26%	169	70%	287	18%	339	20%
Asset Management	54	51%	82	1%	83	57%	130	20%	156	30%
Insure	28	7%	30	33%	40	70%	69	4%	71	26%
<b>Total</b>	<b>244</b>	<b>39%</b>	<b>339</b>	<b>-14%</b>	<b>292</b>	<b>66%</b>	<b>486</b>	<b>16%</b>	<b>566</b>	<b>23%</b>

Recurring headline earnings*	FY 2014	%Δ	FY 2015	%Δ	FY 2016	%Δ	FY 2017	%Δ	FY 2018	%CAGR
Wealth	162	41%	228	25%	286	1%	287	18%	339	20%
Asset Management	54	51%	82	1%	83	57%	130	20%	156	30%
Insure	35	-12%	31	29%	40	70%	69	4%	71	20%
<b>Total</b>	<b>251</b>	<b>36%</b>	<b>341</b>	<b>20%</b>	<b>409</b>	<b>19%</b>	<b>486</b>	<b>16%</b>	<b>566</b>	<b>23%</b>

\* All overhead costs are fully allocated

Source : PSG Finance



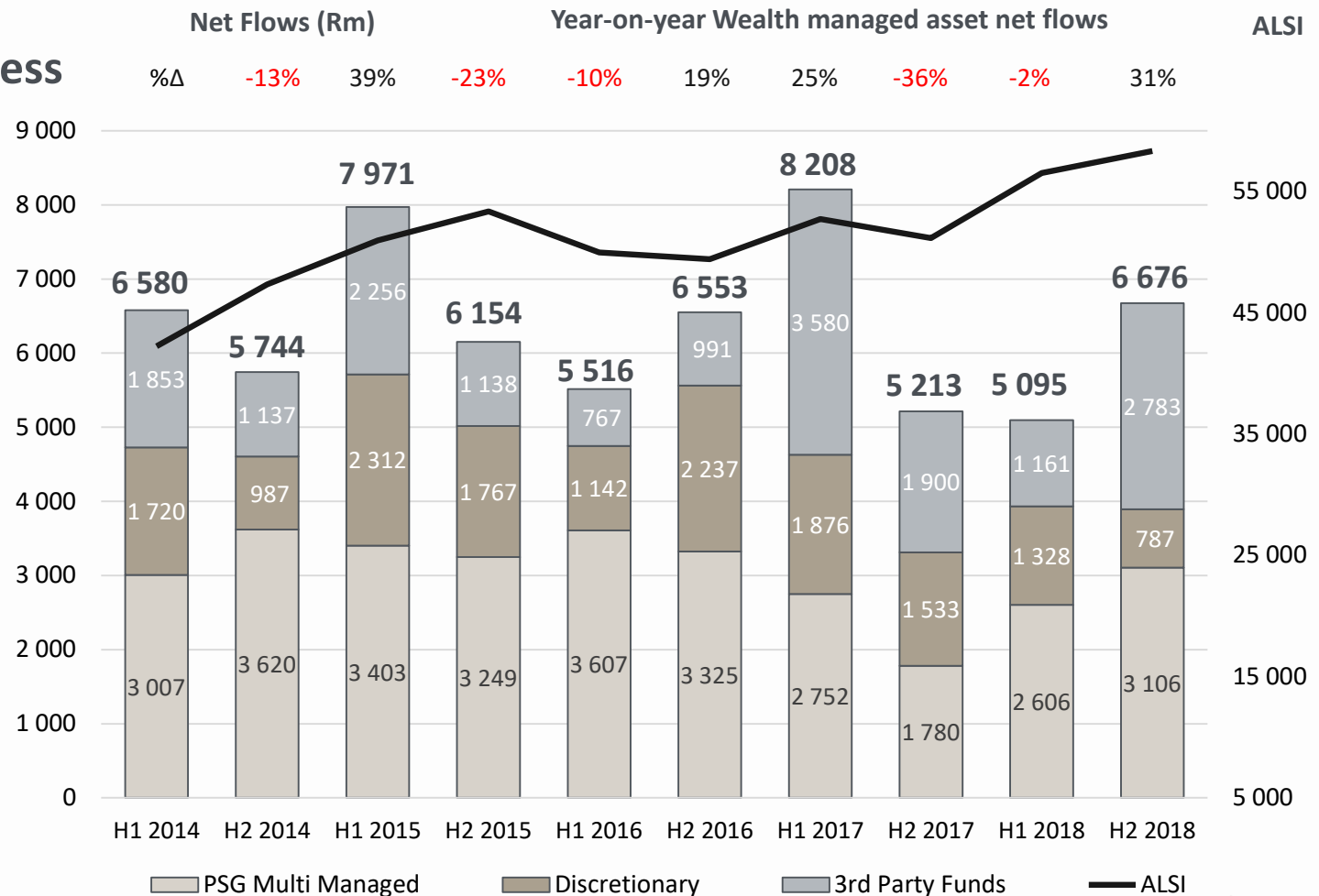
# Wealth

Excellence in products and services

Independent process  
with advisers' oversight

Rapid growth in  
advisers

Negotiation with  
product providers



Source: PSG Wealth, Bloomberg



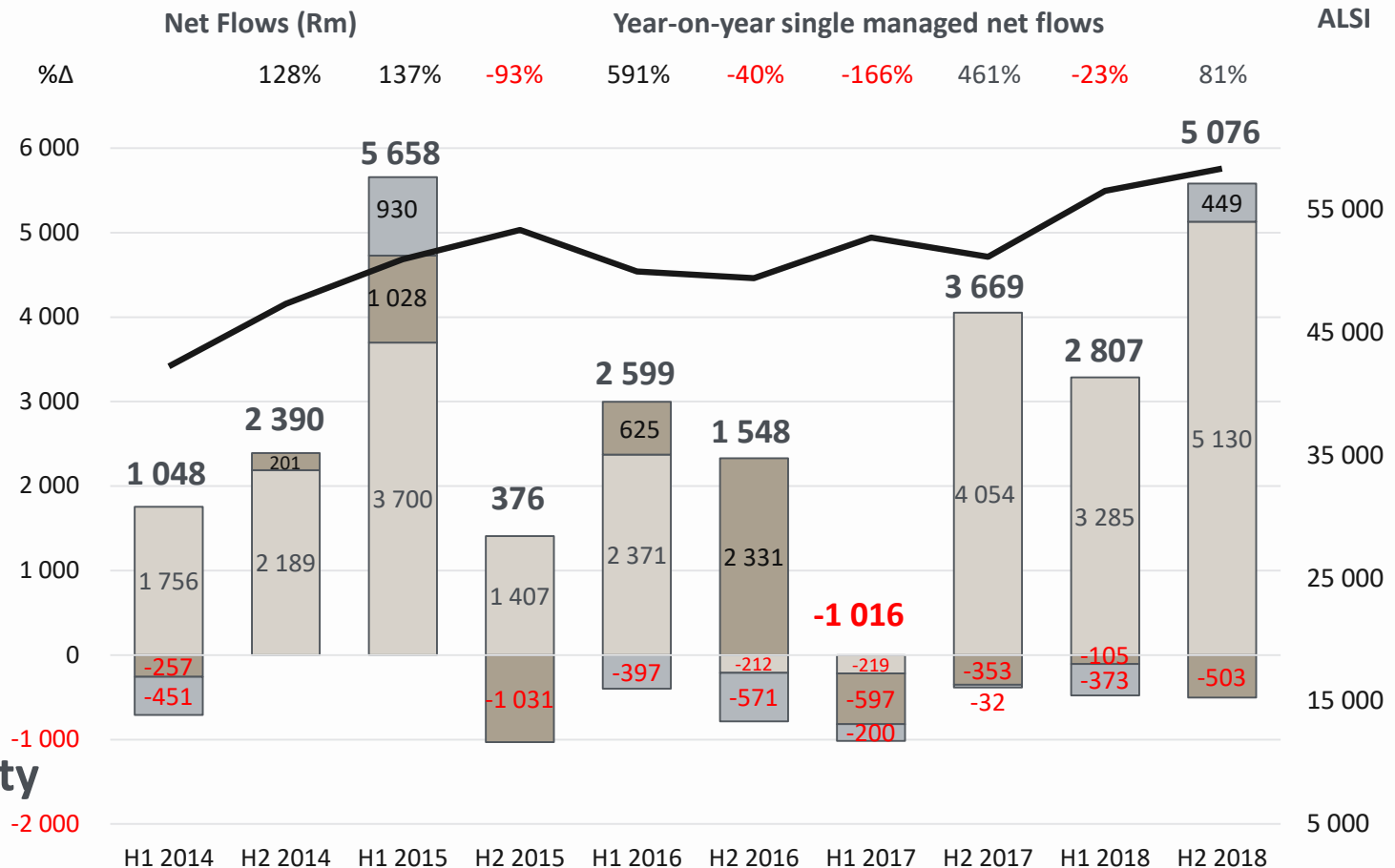
# Asset management

'Brick by Brick' strategy

Long-term assets  
(retail emphasis)

Getting adequate  
margins

Protect our capacity



Source: PSG Asset Management, Bloomberg

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\* Includes private clients and segregated money market portfolios



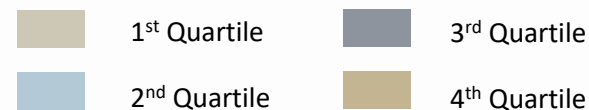


# Asset management

## Solid long-term track record

Single manager funds	Performance	1-month rank	3-months rank	6-months rank	1-year rank	3-year rank	5-year rank	10-year rank
PSG Flexible	Rank	9	6	7	23	4	3	2
	Return	0.3%	1.3%	5.3%	8.1%	9.2%	13.9%	13.8%
PSG Equity A	Rank	25	23	37	97	5	2	4
	Return	0.3%	2.5%	6.6%	8.2%	7.1%	14.0%	12.1%
PSG Balanced A	Rank	8	5	8	40	5	2	2
	Return	0.7%	2.5%	5.6%	8.9%	8.1%	11.8%	10.7%
PSG Stable	Rank	2	3	3	11	2	6	N1
	Return	1.2%	3.5%	5.8%	9.2%	8.1%	9.0%	

N1 – The PSG Stable fund does not have a 10-year history



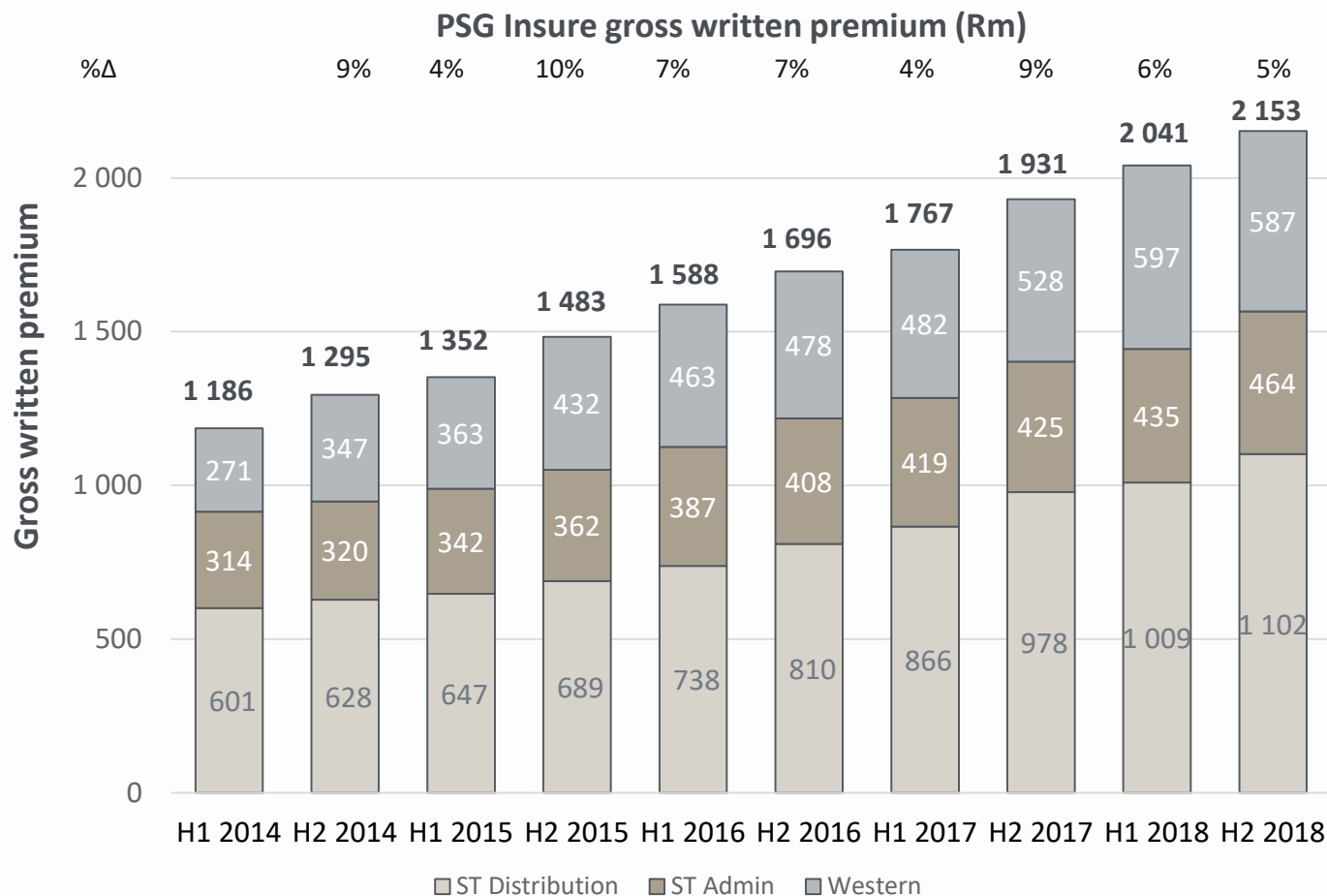
# Insure

Grow gross written premium income

Top advisers

Excellence in underwriting

Superb platform



Western acquisition – Nov'12

\* Includes Short-term administration platform gross written premium



# Western National Insurance

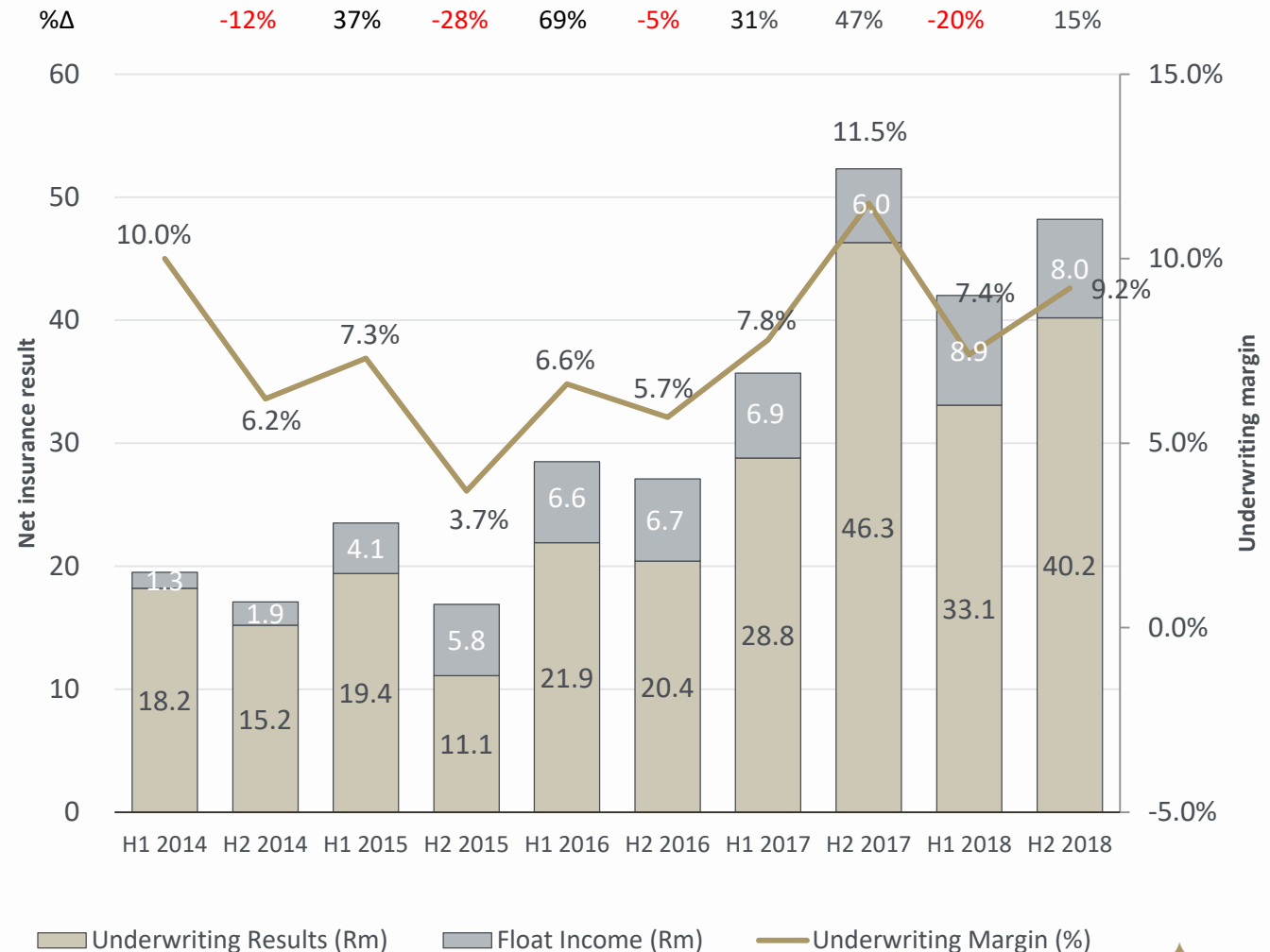
## Insurance results

### Key differentiators

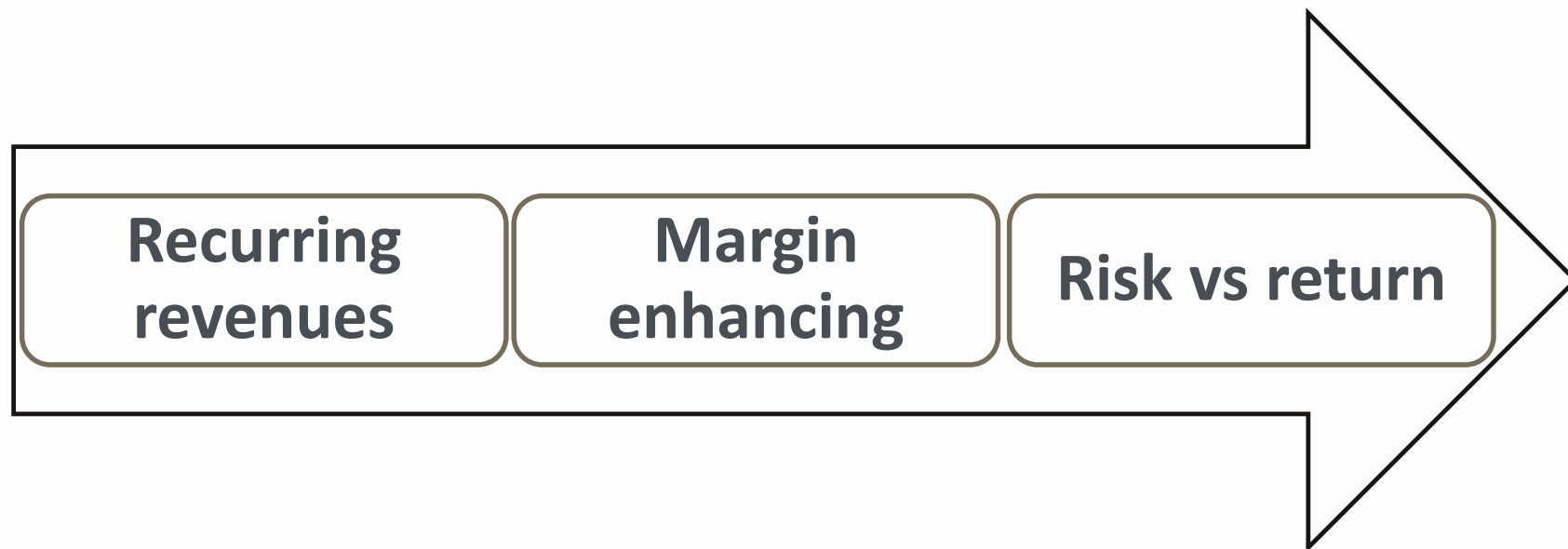
- Personalised service to brokers
- Focus on commercial business

### Excellence in underwriting

- Healthy insurance float level of R421m\*
- Limited insurance and investment risk retention levels



# Reducing risk



	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
Perf fees / HE*	11.4%	7.7%	3.8%	8.8%	8.6%
Recurring HEPS	20.6c	27.0c	32.1c	37.2c	43.0c

	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
Op margin	13.2%	14.9%	15.2%	15.7%	16.6%
Op margin (excl perf fees)	12.1%	14.0%	14.7%	14.5%	15.1%
C:I%	63.8%	60.6%	59.0%	60.0%	57.2%

	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
ROE*	24.8%	26.4%	24.8%**	25.3%	24.3%
ROE (excl perf fees)	22.0%	24.3%	24.0%**	23.4%	22.2%
Debt : Equity	9.4%	0.9%	0.7%	0.2%	4.3%

\* Based upon recurring headline earnings

20 Based upon recurring headline earnings (Headline ROE: 18.4% and Headline ROE (excl. perf. Fees): 17.6%)

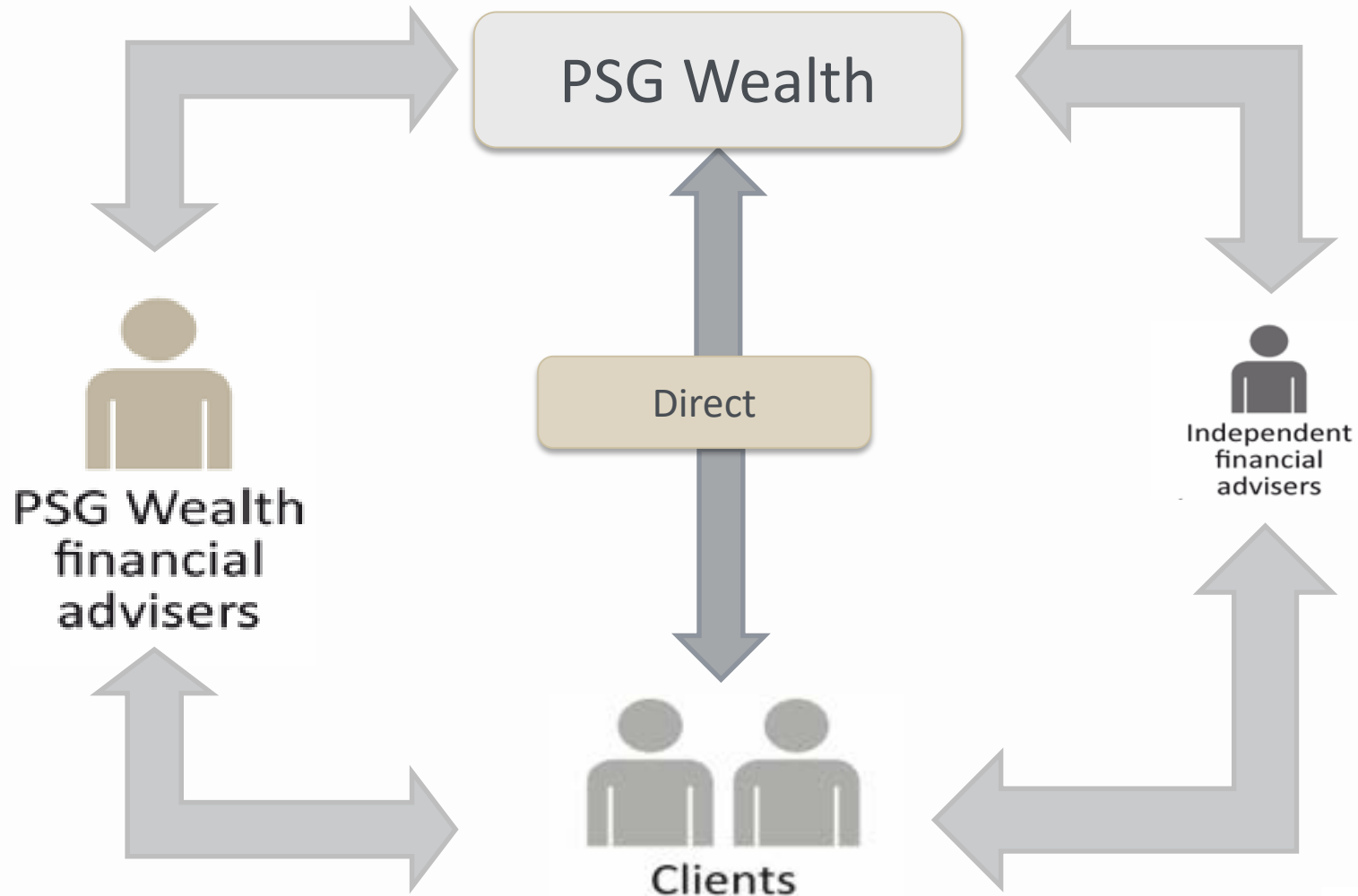


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## 05 | PSG advisers using technology

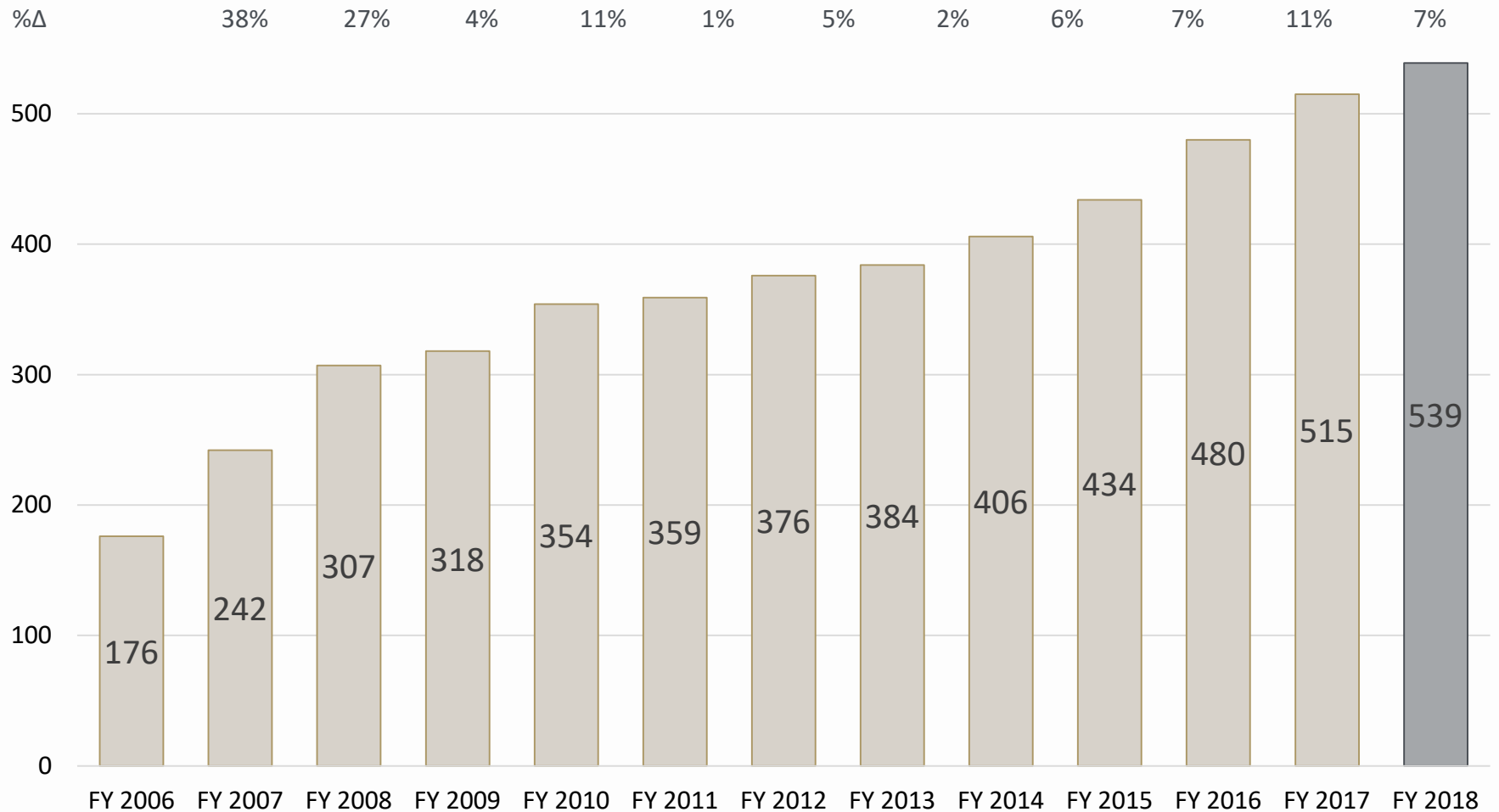
# Client Strategy

Our clients must have a choice on how they want to deal with us

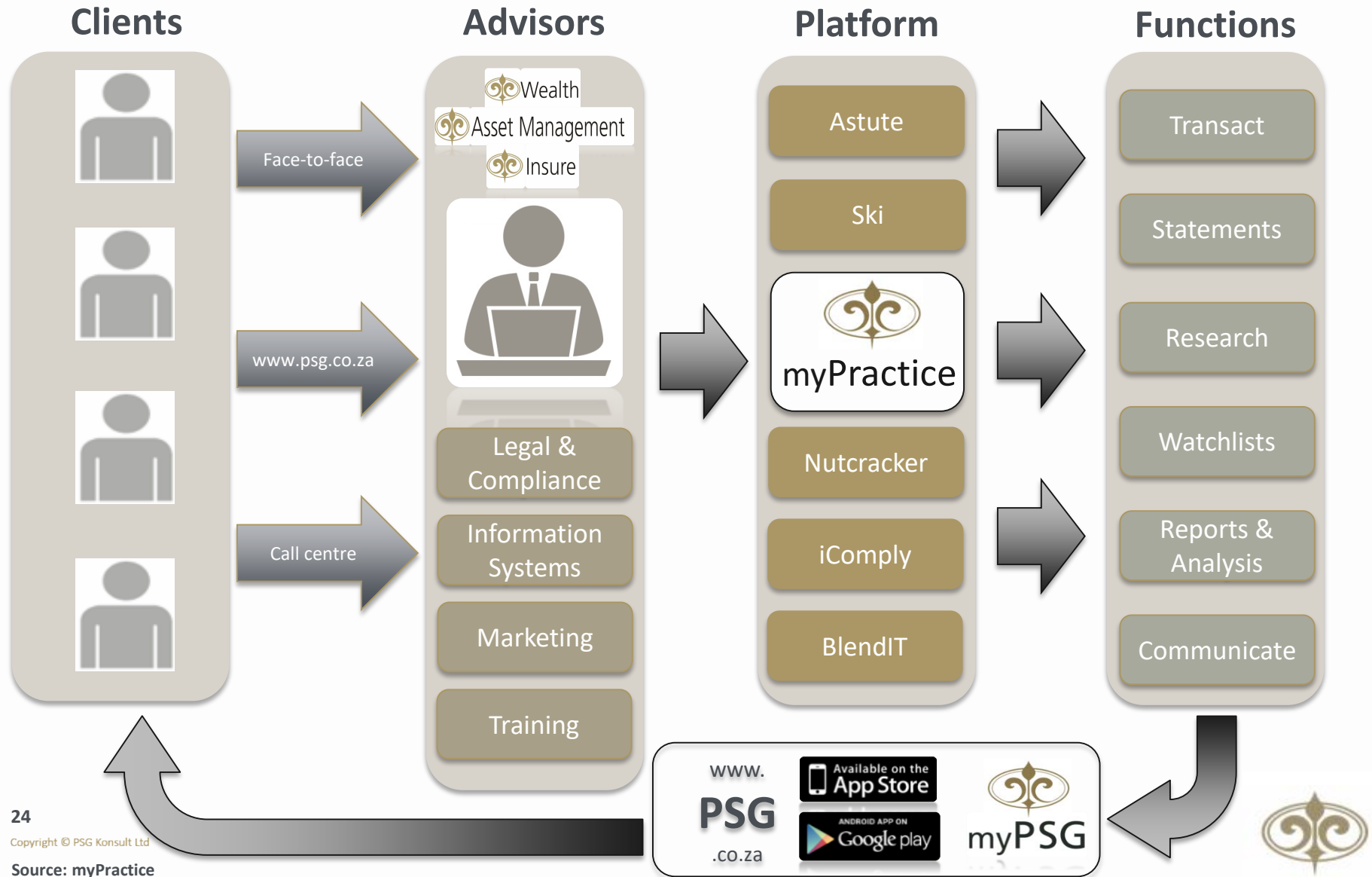


# Growing our Wealth adviser base

Consistent growth in our advisers over the long-term



# Creating an integrated platform





# Access to the broadest range of financial services' products



Platforms Available	Number
Linked Investment Service Providers ("LISP's")	17
Management Companies ("Manco's")	15
Products & Funds Available	Number
Investment funds	1 833
Investment products	729
Life & Risk products	540
Medical	243
Short term products	269



# Platform metrics

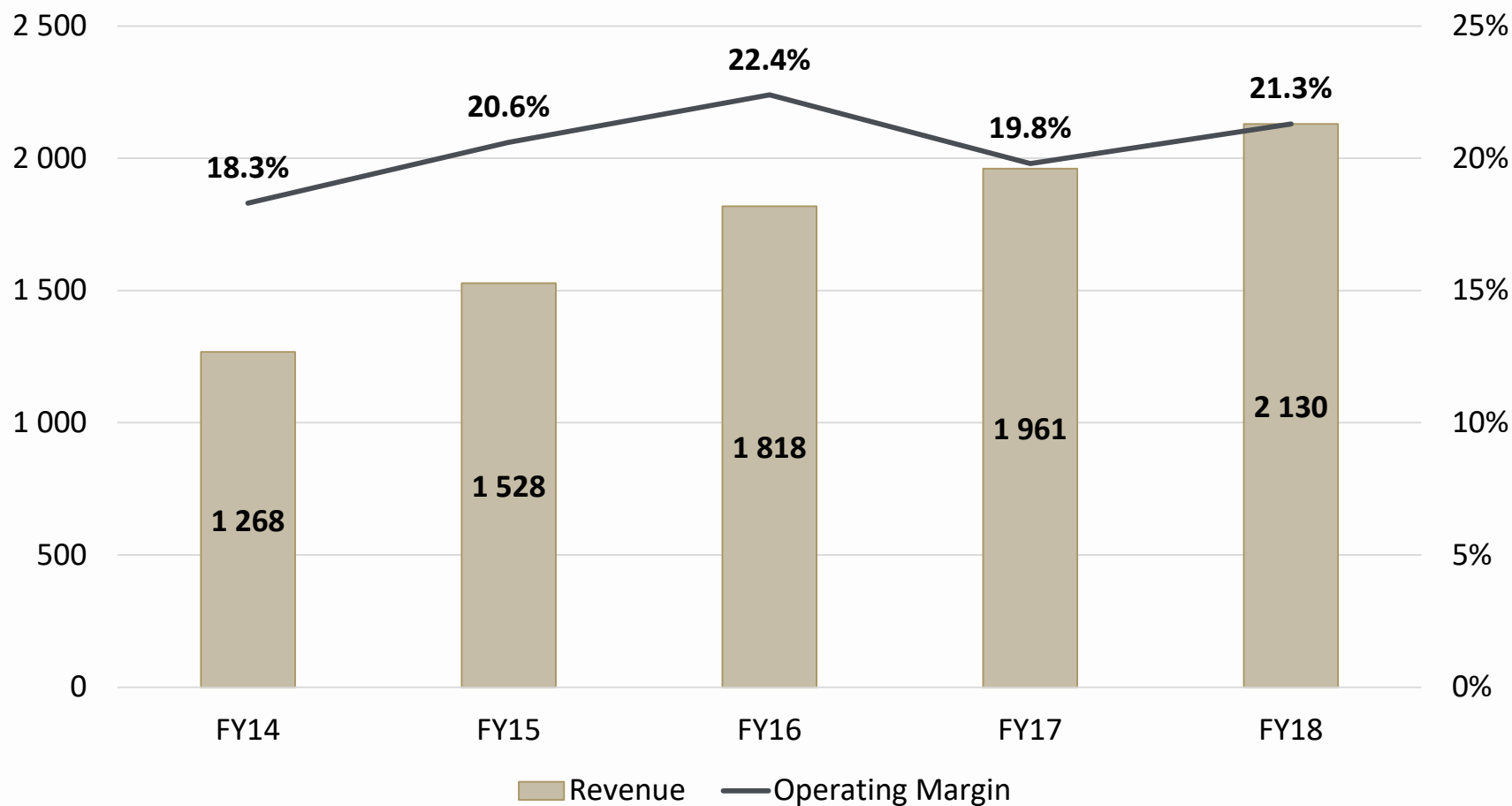
A non-exhaustive list of how we manage our platforms

Business Growth	Capacity
Revenue growth	Total headcount
Net flows/premium growth	Volumes per person
No. of clients/contracts	Calls/emails per person
New or repeat business	Leave days taken
Margin analysis	No. of claims/redemptions etc.
Customer Experience	Efficiency
Client surveys	Manual vs Web transaction volumes
Call volumes	Financial vs Maintenance transaction volumes
Email volumes	Transaction types
Quality control reviews	No. of converted accounts
Turn-around times	Operational incident events
Complaints	Repeat/error rates



# Growing our Wealth operating margin

Core operations (excl. IFRS consolidated fund and policyholder related income)



# The future of PSG

## 2015 - 2018 PSG Graduates



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## 06 | Conclusion

# TRI of PSG Konsult

PSG Konsult performed better than JSE ALSI during tough times (in USD terms)

Investment of R100 000 in PSG Konsult shares on 11 April 2005, and reinvesting all dividends received (net of DWT) and other distributions over period vs R100 000 invested on JSE ALSI

Date	Number of PSG Konsult shares	PSG Konsult investment (R)	PSG Konsult investment (USD)	Annual growth in investment (R)	Annual growth in investment (USD)	JSE ALSI Total Return Index	JSE ALSI Investment (R)	JSE ALSI Investment (USD)	Annual growth in investment (R)	Annual growth in investment (USD)
2005/04/11	250 000	100 000	16 379			1 311	100 000	16 379		
2006/02/28	260 725	286 797	46 461	187%	184%	1 926	146 929	23 802	47%	45%
2007/02/28	297 398	490 706	67 645	71%	46%	2 670	203 678	28 078	39%	18%
2008/02/28	309 914	526 854	69 012	7%	2%	3 255	248 335	32 529	22%	16%
2009/02/28	327 703	426 014	42 816	-19%	-38%	2 032	154 988	15 577	38%	52%
2010/02/28	351 652	509 895	65 490	20%	53%	3 013	229 848	29 521	48%	90%
2011/02/28	373 653	597 845	85 553	17%	31%	3 723	284 027	40 645	24%	38%
2012/02/28	395 168	790 336	105 692	32%	24%	4 082	311 393	41 643	10%	2%
2013/02/28	422 411	1 203 871	136 169	52%	29%	4 870	371 546	42 025	19%	1%
2014/02/28	435 546	2 177 731	203 194	81%	49%	5 981	456 251	42 571	23%	1%
2015/02/28	441 856	3 190 197	277 314	46%	36%	6 946	529 912	46 064	16%	8%
2016/02/29	447 709	3 080 237	190 833	-3%	31%	6 643	506 779	31 397	4%	32%
2017/02/28	455 295	3 419 266	262 736	11%	38%	7 061	538 627	41 388	6%	32%
2018/02/28	462 322	4 022 205	341 632	18%	30%	8 292	632 573	53 729	17%	30%
		<b>4 022 205</b>					<b>632 573</b>			
<b>CAGR</b>				<b>33.2%</b>	<b>26.6%</b>				<b>15.4%</b>	<b>9.7%</b>

Source: PSG Finance



# Conclusion

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- PSG is a growing financial services company
- IT is a critical lever in operational management and achieving growth
- Real-time data access allows for swift management of clients



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## 07 | AGM voting results



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## 08 | Any other business and closure



END

